

FUNDING SOURCES AND OPTIONS

Introduction

As a regional project with far reaching impact, the RIDS program requires concerted efforts by all parties involved for funding. The project stakeholders currently have substantial, ongoing programs to implement water, wastewater and reclaimed water programs; therefore, they have incurred significant debt service. With estimated costs of more than \$300 Million, the stakeholders are expecting funding assistance in order to implement the program.

This document will emphasize the steps necessary to get the priority projects funded, and will serve as a guideline for future RIDS efforts.

Critical Issues

- **Program Identity:** As funding is sought for these projects, it is imperative that the program be accurately and consistently identified to image it appropriately. IT should be imaged as an Alternative Water Supply Program with regional benefits. Also, projects within stakeholder Capital Improvement Plans often fail to identify the project as pertaining to RIDS. Projects listed on the District alternative water supply list, the Florida Department of Environmental Protection (FDEP) State Revolving Fund (SRF) Fundable List, and the State and Federal Government budgets should be integrated and identified as RIDS to create an identity for the program.
- **Uniform Approach:** To date, Federal and State funding efforts have been minimal, primarily due to the lack of a uniform approach. Stakeholders and the District must coordinate together to achieve the type of funding support the program requires.
- **Detailed Schedule:** The timing of funding cycles and legislative opportunities must be identified for all parties.

Proposed Resolutions

- An identity for the program must be created. To achieve this, a point person should be identified by the District and given the support required to move the program forward. Identification of the program as a major initiative by the District both in the media and on the website would aid in recognition.
- A unified approach must be taken. A project team or steering committee should be set up consisting of the District point person and a representative from each of the stakeholders. Other members would include the federal and state lobbyists; a representative of the District's funding department, the consulting engineer, and the funding specialist.
- A presentation package is required to assist in the timing and uniformity of the project team's actions. The project team should utilize this document for all discussions and funding requests.

This section lists the available sources of funding for the RIDS program.

Florida Department of Environmental Protection (FDEP) State Revolving Fund Loan Program – Wastewater and Stormwater

The State Revolving Fund Loan Program (SRF) provides low-interest loans for planning, designing, and constructing water pollution control facilities. Federal Capitalization Grants and State match appropriations of 20% have funded the SRF. It is a "revolving" fund because loan repayments are used to make additional loans. By federal law, the SRF is to be operated in perpetuity. The FDEP solicits project information each year. The information is used to establish project priorities for the following annual cycle. Funds are made available for Pre-construction Loans and Construction Loans. The loan terms include a 20-year amortization and low interest rates, which represent a 40% discount off bond rates.

Pre-construction loans are available to all communities and provide up-front disbursements for administrative services, project planning and project design.

Construction loans are also available to all communities and provide for construction costs and technical services during construction.

Approximately \$120M/yr is available. The current interest rate is approximately 3.00%.

FDEP State Revolving Fund Loan Program – Drinking Water

The Drinking Water State Revolving Fund (SRF) Program provides low-interest loans for planning, designing, and constructing public water facilities. Federal Capitalization Grants and State match appropriations of 20% have funded the SRF. It is a "revolving" fund because loan repayments are used to make additional loans. By federal law, the SRF is to be operated in perpetuity. The Department solicits project information each year from January 1 to February 15. The information is used to establish the project priority list for the following annual cycle. Funds are made available for Pre-construction Loans to rate-based public water systems, Construction Loans of \$75,000 minimum or more, and Pre-construction Grants and Construction Grants to financially disadvantaged communities.

The loan terms include a 20-year (30-year for financially disadvantaged communities) amortization and low interest rates, which represent a 40% discount off bond rates. Small community assistance is available for communities having populations less than 10,000. Each year 15% of the funds are reserved exclusively for their use. In addition, small communities may qualify for loans from the unreserved 85% of the funds.

Approximately \$40M/yr is available. The current interest rate is approximately 3.00%.

SFWMD Alternative Water Supply Grant Program

In 1995, the Florida Legislature enacted the Alternative Water Supply Grant Program to increase the potential for the development of alternative water supplies in the state and to help utilities develop cost-effective reclaimed water supplies.

The Program is a cost share program that provides a portion of funding for alternative water supply projects built by local, county, or private water purveyors. To be considered for the program, a project must be consistent with the local government plan and must be located in a Water Resource Caution Area. Funding support is limited to capital or infrastructure costs for alternative water supply systems.

The available funds vary annually as determined during the District's budget process.

SFWMD Water Resource Development Program

Water resource development projects are generally regional in nature and are primarily the responsibility of the District. Each water management district is required to include in its annual budget the amount needed for the fiscal year to implement water resource development projects as prioritized in its regional water supply plans.

The traditional source of funding has been ad valorem taxes. Projects are ranked and prioritized along with projects in all other regional water supply plans during annual District budget preparation and funded, as money is available. Priority considerations for a project include availability of a cost-share partner and if a project makes 'new' water available. Sustainability of the regional system is also an important consideration.

State Funds - The Water Quality Improvement and Water Restoration Grant Program (Section 403.885 F.S.)

Amount of funds available will vary by year. In 2003, no projects were funded. In 2004, \$100M worth of projects were funded.

Projects eligible for the funding must address such criteria as resolving violations of state water quality standards, preventing drainage and flood control problems, resolving public health threats and protecting the environment. Financial capability of the local government is also a deciding factor.

The program includes grants covering wastewater, stormwater, surface water restoration and water management projects.

Currently, funds are requested through a Community Budget Issue Request/Special Appropriation Process. The FDEP will review the request and make recommendations as to appropriateness of the project to the program.

Federal Funds – EPA State and Tribal Assistance Grants

The United States Environmental Protection Agency makes funds available for special water supply projects through its State and Tribal Assistance Grant (STAG) program.

The projects must be included in an appropriation bill passed by the Senate and House.

Approximately \$2M/yr per project in grant funds is typically available for projects the size of RIDs.

Local Funds – Developer Contributions/Impact Fees/User Fees (Rates)

Revenue derived from the collection of impact fees could be used to fund portions of the project. Additionally, requirements could be placed on developers to provide or construct portions of the system within particular developments reducing the total cost of the distribution system.

Revenue generated through rates is normally used for O&M costs.

Bonds

Issuance of bonds could provide for project funding; however, due to the costs of issuance, interest rates, coverage and other financial considerations, this would be a last resort option.

Funding Strategy

As depicted in Figure 4-1, it is recommended that the base funding for the RIDS project be the FDEP SRF program loans. The low interest rates (approximately 3.00%) and repayment terms (20 years) make them the most attractive form of overall financing.

The SRF program provides for the flexibility to draw funds only when needed and allows for application of grant funds when received. Unlike bond funds, there is no arbitrage or pre-payment penalties.

After this base funding is secured, it is recommended that district, state, and federal grant funds be sought and secured to negate the use of borrowed funds where possible.

A significant increase in the District's Water Management and Planning budget would be required to support further development of the program as well as dedication of revenues to provide grants for construction funding.

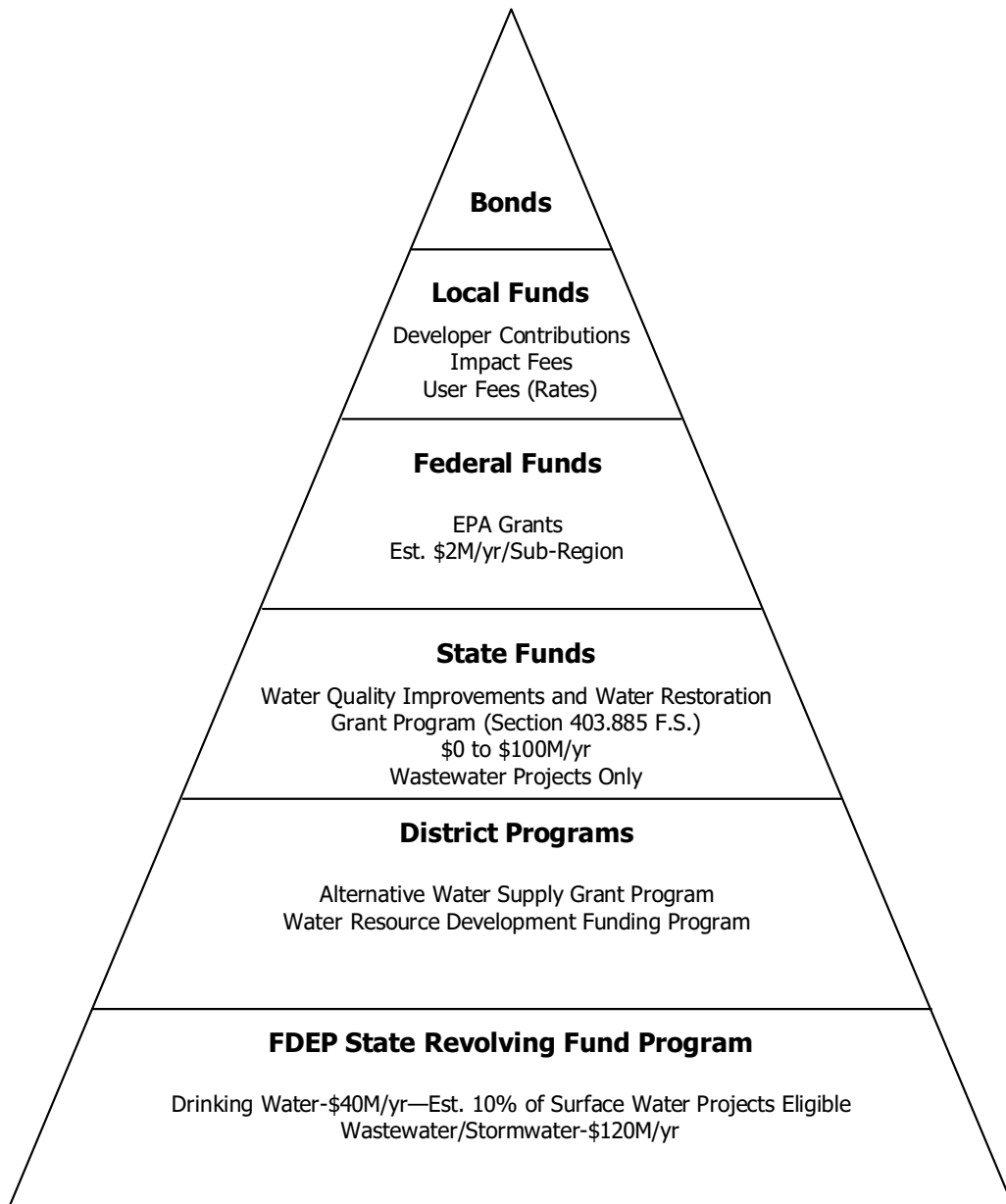
Cash reserves in the form of Developer Contributions and Impact Fees would be considered the third level of funding with bond proceeds considered the least attractive form of funding due to financing costs.

It is assumed that user fees (rates) will pay for Operating and Maintenance costs.

Project Timing and Phasing

It is assumed that the project would be phased to provide system resources based on need. Consideration should also be given to phasing of the service areas as individual areas' economics/demographics may allow them to better "compete" for funding versus other areas or the total project as a whole.

Funding Strategy



Priority Projects

In order to meet the critical issues presented previously, a funding workshop was held with all of the stakeholders and the District. It was determined that “Priority Projects” would be necessary to initiate momentum for the program and to properly image it amongst the legislators, funding agencies regulators. The following table presents a summary of the priority projects as agreed to by the stakeholders and the potential funding sources for them.

Table 25
RIDS Priority Projects

Project Name	Capital Cost	Typical Funding Sources			
		EPA (STAG)	SFWMD	State (CBIR)	SRF
Sub Region 1 (Collier County, Naples and Bonita Springs)					
BSU - Kehl Canal Surface Water ASR	\$ 23,000,000	\$ 2,300,000	\$ 2,300,000	\$ 1,150,000	\$ 17,250,000
Collier - BSU Interconnect	\$ 3,000,000	\$ 300,000	\$ 300,000	\$ 150,000	\$ 2,250,000
Collier - BSU Reclaimed Water ASR	\$ 20,000,000	\$ 2,000,000	\$ 2,000,000	\$ 1,000,000	\$ 15,000,000
Subtotal	\$ 46,000,000	\$ 4,600,000	\$ 4,600,000	\$ 2,300,000	\$ 34,500,000
Sub Region 2 (Cape Coral, North Ft. Myers and Waterway Estates)					
Cape Coral - Gator Slough Surface Water ASR	\$ 27,000,000	\$ 2,700,000	\$ 2,700,000	\$ 1,350,000	\$ 20,250,000
Cape Coral - Everest Pkwy Reclaimed Water ASR	\$ 22,000,000	\$ 2,200,000	\$ 2,200,000	\$ 1,100,000	\$ 16,500,000
Cape Coral - North South Transfer Station Surface Water ASR	\$ 19,000,000	\$ 1,900,000	\$ 1,900,000	\$ 950,000	\$ 14,250,000
Subtotal	\$ 68,000,000	\$ 6,800,000	\$ 6,800,000	\$ 3,400,000	\$ 51,000,000
Sub Region 3 (City of Ft. Myers and Lee County)					
Ft Myers - Central WWTP and South WWTP Interconnect	\$ 19,500,000	\$ 1,950,000	\$ 1,950,000	\$ 975,000	\$ 14,625,000
Ft Myers - Reclaimed Water Pipeline East of I-75	\$ 6,500,000	\$ 650,000	\$ 650,000	\$ 325,000	\$ 4,875,000
Lee - Ft. Myers Beach/ Ft. Myers Village ASR system	\$ 14,000,000	\$ 1,400,000	\$ 1,400,000	\$ 700,000	\$ 10,500,000
Subtotal	\$ 40,000,000	\$ 4,000,000	\$ 4,000,000	\$ 2,000,000	\$ 30,000,000
TOTAL	\$ 154,000,000	\$ 15,400,000	\$ 15,400,000	\$ 7,700,000	\$ 115,500,000

Notes:

1. Project Costs are from the Boyle Engineering Funding Report for SFWMD, dated 12/14/04.
2. EPA Participation through STAG requests is dependant upon adequate preparation. \$2 million per project is typical for projects of similar scope.
3. SFWMD (AWS) participation has typically been maximized at \$200,000, and is considered to be included in applicable projects.
4. Future funds availability from EPA, State, and WMD are uncertain. All funding options will be utilized in order to minimize Stakeholder funds required.
5. Initial funding estimates have been broken down as 10% Federal, 10% SFWMD, and 5% State.

Funding Examples

Shown below are project funding examples from other Districts. The dollar amounts shown for Federal, State, and District sources provided to indicate the type of funding that might be available.

Table 26
Funding Examples

Project Name	Project Type	Year	Total Project Cost	Total Federal Funding	Total District Cost	Total Basin Cost	Total Governing Board Cost
Tampa Water Resource Recovery	New Water Sources Initiative	FY 2005	4,392,000	3,642,000	750,000	375,000	375,000
Peace River Option	New Water Sources Initiative	FY 2005	65,989,692	574,000	20,755,155	10,377,578	10,377,577
Manatee Agricultural Reuse Supply (MARS)	New Water Sources Initiative	FY 2005	30,821,940	7,256,000	11,981,145	5,990,660	5,990,485
Hillsborough County Central Reuse System	New Water Sources Initiative	FY 2005	7,000,000		3,294,841	1,584,390	1,710,451
Hillsborough Co Northwest Reuse System Ph 1	New Water Sources Initiative	FY 2005	11,100,000		5,406,232	2,685,232	2,721,000
Peace River Regional Reservoir Expansion	New Water Sources Initiative	FY 2005	29,800,000		14,900,000	7,453,980	7,446,020
Peace River Facility Expansion	New Water Sources Initiative	FY 2005	76,200,000	9,000,000	24,200,000	12,225,000	11,975,000
Largo/Clearwater/Pasco - ASR / Interconnect	Water Supply & Resource Development	FY 2005	10,072,312		4,965,712	2,486,268	2,479,444
Facilitating Agricultural Resource Mgmt Systems	Water Supply & Resource Development	FY 2005	6,453,039		6,353,039	4,295,089	2,057,950
Charlotte Co Regional Redm Wtr Expansion	Water Supply & Resource Development	FY 2005	5,803,245		2,903,745	1,451,898	1,451,847
Manatee Co FPL / Piney Point MARS Storage	Water Supply & Resource Development	FY 2005	8,000,000		4,000,000	2,000,000	2,000,000
TBRRAP-N, Tampa Reclaimed Wtr Pipeline - Ph I	Water Supply & Resource Development	FY 2005	42,774,874	12,372,750	21,406,098	10,703,440	10,702,658
TBRRAP-N, Tampa Reclaimed Wtr Pipeline - Ph II	Water Supply & Resource Development	FY 2005	42,300,000		21,150,000	10,575,000	10,575,000
Central Sarasota Co Regional Reuse Sys Project	New Water Sources Initiative	FY 2004	4,008,608		2,004,304	1,002,152	1,002,152
North Pinellas Reuse Interconnections	New Water Sources Initiative	FY 2004	3,172,300		1,586,150	793,075	793,075
W. Pasco Infrastructure Improvement-Starkey/N. Pasco	Water Supply & Resource Development	FY 2004	30,000,000		15,000,000	7,500,000	7,500,000
Largo/Clearwater/Pasco - ASR / Interconnect	Water Supply & Resource Development	FY 2004	10,067,144		4,960,544	2,480,894	2,479,650
Facilitating Agricultural Resource Mgmt Systems	Water Supply & Resource Development	FY 2004	3,267,271		3,167,271	2,304,016	863,255
Central Sarasota Reuse	New Water Sources Initiative	FY 2003	4,008,608		2,004,304	1,002,152	1,002,152
NW Reuse Expansion	New Water Sources Initiative	FY 2003	10,884,000		5,442,000	272,100	272,100
Largo/Clearwater/Pasco - ASR / Interconnect	Water Supply & Resource Development	FY 2003	9,564,786		4,708,186	2,353,536	2,354,650
Tampa's Howard Curren WWTP Regional Reclaimed to New Tampa	Water Supply & Resource Development	FY 2003	15,000,000		7,500,000	3,750,000	3,750,000
Tampa's Howard Curren WWTP Regional Reclaimed to Pasco	Water Supply & Resource Development	FY 2003	15,000,000		5,000,500	2,481,000	2,500,000

Below shows various projects identified from this District in its “Alternative Water Supply” (AWS) program, which could hopefully be a source for some of the projects identified in the RIDS Engineering document. The SFWMD Budget for Major Projects includes an additional \$21,687,996.

Table 27
Alternative Water Supply (AWS) Identified Projects

Applicant	Project Title	SFWMD Funding	Total Project Cost	% Funded by SFWMD
City of Pahokee	Lake Region Water Treatment Plant Project	\$200,000	\$499,000	40%
City of South Bay	Lake Region Water Treatment Plant Project	\$200,000	\$499,000	40%
City of Belle Glade	Lake Region Water Treatment Plant Project	\$200,000	\$675,000	30%
City of Clewiston*	Lake Region Water Treatment Plant Project	\$200,000	\$499,000	40%
South Shore Water Association*	Lake Region Water Treatment Plant Project	\$200,000	\$499,000	40%
Palm Beach County	Century Village Reuse	\$200,000	\$1,065,000	19%
Town of Manalapan	Floridan Aquifer Wells	\$100,000	\$842,242	12%
Village of Wellington	Village Park & Water Reclamation Facility #2	\$100,000	\$672,000	15%
South Central Regional Wastewater Treatment & Disposal Board	Reuse Plant Expansion (phased project)	\$100,000	\$12,600,000	1%
Jupiter Utilities	RO Treatment Plant Expansion	\$100,000	\$3,500,000	3%
Jupiter Utilities	Floridan Aquifer Wells	\$100,000	\$2,742,000	4%
Village of Tequesta	RO Expansion	\$100,000	\$1,120,000	9%
City of Hollywood*	Reclaimed Water System Expansion	\$100,000	\$480,000	21%
City of Miami Beach	Normandy Shores Golf Club	\$200,000	\$935,000	21%
City of North Miami Beach	Nanofiltration Concentrate Treatment	\$100,000	\$634,000	16%
Miami-Dade Water and Sewer Dept.	Ultra Violet Disinfection – West Wellfield	\$200,000	\$2,053,000	10%
Miami-Dade Water and Sewer Dept.	Ultra Violet Disinfection – Southwest Wellfield	\$100,000	\$2,149,000	5%
Florida Keys Aqueduct Authority	Blending ASR Well	\$200,000	\$1,334,715	15%
City of Fort Myers	Central WWTF Reclaimed Water Extension	\$200,000	\$3,127,000	6%
City of Fort Myers	RO Expansion	\$100,000	\$9,800,000	1%
Cape Coral	Reclaimed Water Supplemental Source	\$100,000	\$998,000	10%
City of Naples	Reclaimed Water System Expansion	\$100,000	\$13,600,000	1%
Collier County	ASR Expansion	\$100,000	\$1,260,100	8%
Bonita Springs	San Carlos ASR Wells	\$100,000	\$974,199	10%
Bonita Springs	New RO Wellfield	\$100,000	\$2,800,000	4%
Bonita Springs	RO Treatment	\$100,000	\$24,000,000	0%
Martin County Utilities	North Reclaimed Water System Expansion	\$100,000	\$570,000	18%
Martin County Utilities	Tropical Farms RO Wellhead	\$100,000	\$750,000	13%
South Martin Regional Utility	Reclaimed Water System Expansion	\$100,000	\$540,000	19%
Fort Pierce Utility Authority	Reclaimed Water System	\$100,000	\$3,150,000	3%
Port St. Lucie Westport Reuse	Westport Reclaimed Water System	\$100,000	\$1,202,760	8%
City of Kissimmee	Stormwater Reuse	\$200,000	\$5,200,000	4%
Orange County Utilities Department	Ginn Property Reuse	\$100,000	\$816,248	12%
City of St. Cloud	Reclaimed Water System Expansion	\$100,000	\$758,898	13%
Total		\$4,500,000	\$102,345,162	4%

Shown below is the funding that was obtained for the Manatee County Agricultural Reuse System project.

Manatee County ASR/Reuse Demonstration Program Funding Worksheet

Manatee County ASR/Reuse Demonstration Program Funding Worksheet							
Project Cost	Total	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	Total
	14,824,724	4,295,000	2,632,431	2,632,431	2,632,431	2,632,431	14,824,724
EPA (Original)	4,295,000	2,093,383	1,283,047	918,571	-	-	4,295,000
SWFWMD (Ag. Reuse)	6,740,970	1,670,395	1,267,644	1,267,644	1,267,644	1,267,644	6,740,970
SWFWMD (ASR)	325,000	325,000	-	-	-	-	325,000
Subtotal	11,360,970	4,088,778	2,550,691	2,186,214	1,267,644	1,267,644	11,360,970
Balance of Project Costs	3,463,754	206,222	81,740	446,217	1,364,787	1,364,787	3,463,754
EPA (Amendment)	1,900,000	-	-	446,217	1,364,787	88,996	1,900,000
County Funds (Required)	1,563,754	206,222	81,740	0	0	1,275,791	1,563,754
Subtotal	3,463,754	206,222	81,740	446,217	1,364,787	1,364,787	3,463,754
Grand Total	14,824,724	4,295,000	2,632,431	2,632,431	2,632,431	2,632,431	14,824,724

Notes:

1. Project Costs were utilized from the SWFWMD Grant Agreements dated 12/6/94.
2. EPA Participation through the Original Agreement is 48.74% of \$8,812,147 up to a maximum of \$4,295,000.
3. SWFWMD (Ag. Reuse) participation is 50% of \$14,024,724 up to a maximum of \$6,740,970.
4. SWFWMD (ASR) participation is 50% of \$650,000 (of the \$800,000 project) up to a maximum of \$325,000.
5. The project EPA Amendment amount is based on discussions with Mario Machado of EPA. Participation is expected to be 95%.
6. Future funds availability from EPA is uncertain. All funds will be utilized in order to minimize County funds required.

Similar results are possible for the RIDS program.

Funding Schedule

A proposed funding schedule is below. This schedule is typical of the annual funding cycles. For State and Federal appropriations, it is imperative that efforts be started now.

The funding consultant is prepared to initiate a CBIR for the District to help get the first funding success with the State and to initiate the entire program.

Specific Recommendations/Summary

Leadership from the District will ensure success of the RIDS Program. This has been the key to the successes of other District's efforts around the state. The immediate assignment of a high-level person from the District, perhaps a board member, is critical to funding successes.

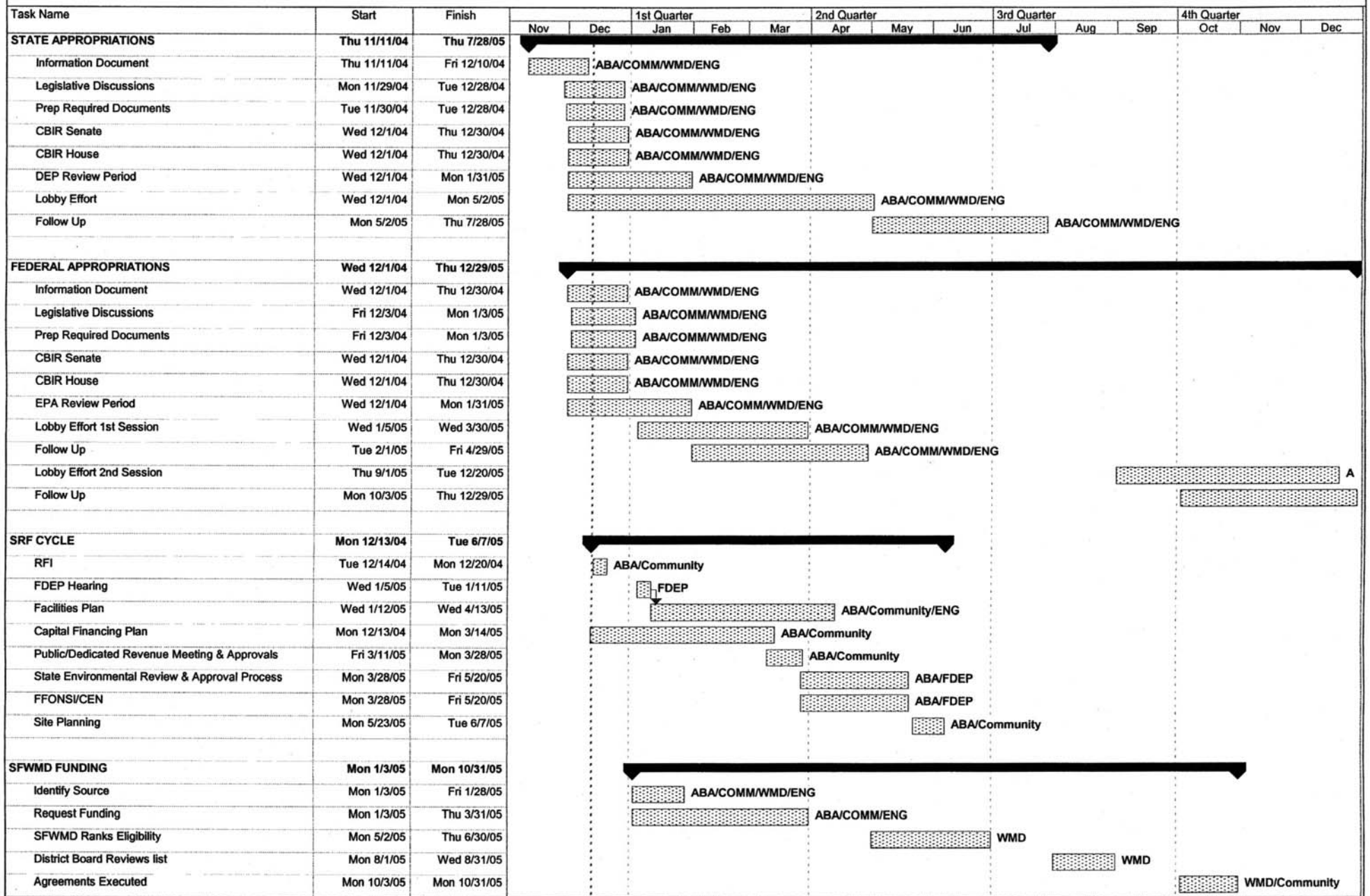
All stakeholders need direction and support from the District. They need to buy into the funding plan for the program and to be certain their actions are consistent with those of the District in attempts to secure funding.

The process must be identified for all concerned in sufficient detail to allow any party to take advantage of funding opportunities when they arise.

The program must be given a high profile within the District in all actions and publications. This will reinforce the intent to implement the program.

RIDS is a worthwhile program that can address water supply needs in a multi-jurisdictional area for years to come. These issues cannot be ignored by any of the interested parties. With the leadership of the South Florida Water Management District, this program can succeed in addressing these needs.

Table 28



Project: Table 28 RIDs Schedule draft
Date: Mon 12/13/04

Task
Split



Progress
Milestone



Summary
Project Summary



External Tasks
External Milestone



Deadline

